

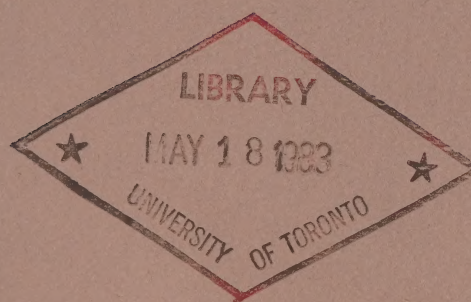
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Ontario's Canadian Preference Policy



Helping Canadian companies to compete

All ministries of the Ontario government and many provincially funded public bodies allow a price preference of 10 percent for “Canadian content” of many of the goods and services purchased.

This preference policy assists firms producing goods and services in Canada to compete against imported products. It does it by seeking to increase the “Canadian content” of purchases by Ontario public bodies.

Applying Ontario’s preference for “Canadian content” to public purchasing decisions is one way to make certain both Ontario and Canada get *maximum benefit from the expenditure of public funds*. This is important in terms of economic development, employment and profits.

What is Canadian content?

Everything added in Canada — labour, materials, transportation, duty, taxes and the Canadian supplier’s profit — qualifies as Canadian content. Quite simply, Canadian content is the value of the supplier’s net selling price minus the declared value of any imported goods or services.

How the policy works

Let's say three suppliers submit acceptable bids on your intended purchase. They have also provided a statement of Canadian content, as requested. Company A distributes imported products; Company B assembles imported parts; Company C manufactures in Canada.

Price and Canadian content of their bids are:

	Company A	Company B	Company C
Total net bid price (including duty, taxes and freight)	\$10,000	\$10,150	\$10,200
Less dutiable value of imported goods (per customs invoice)	8,000	5,000	1,000
Canadian content	2,000	5,150	9,200

To recognize the preference for Canadian content, the bids are reduced by 10 percent of their Canadian content...

Total net bid price	10,000	10,150	10,200
Less 10 per cent of Canadian content	200	515	920
Evaluation bid	\$ 9,800	\$ 9,635	\$ 9,280

Applying Ontario's Canadian preference policy to the above group of bids means the award goes to Company C because it met all specifications and had the lowest "evaluation bid".

The award to Company C, rather than the lowest bidder A, results in an increased value of Canadian content of \$7,200 at a cost of \$200 (above lowest bid).

Two definitions

The definition of Canadian content referred to in this brochure has been used by Ontario ministries since 1974.

In 1981 Ontario asked the Canadian General Standards Board (C.G.S.B.) to consider another definition which would find wide acceptance across Canada by public bodies and private companies. Such a definition has been prepared by C.G.S.B. and adopted by the Standard Council of Canada as a national standard (CAN 2-147. 3-82).

Until this definition has been adopted by the province, ministries will continue to use the definition contained in this brochure. Most public bodies in Ontario are using the Ontario definition. Several are using the C.G.S.B. definition.

For copies of the C.G.S.B. definition, contact:

Canadian Government
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Supply and Services Canada
Ottawa, Ontario
K1A 0S9 (613) 997-5641

For further information about Ontario's Canadian preference policy contact:

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